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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004372

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TAGS: [PREL](#) [PGOV](#) [PINS](#) [UNSC](#) [IZ](#)
SUBJECT: DEPUTY PM SALEH DISCUSSES VIOLENCE, NEED FOR
CONTINUED MNF-I PRESENCE, AND PCNS MEETING WITH CONGRESSMAN
KING, AMBASSADOR

Classified By: Ambassador Zalmay Khalilzad for reasons 1.4 (b) and (d).

¶1. (C) Summary: Deputy Prime Minister Barham Saleh asserted to Representative Steve King (R-IA) November 25 that a MNF-I withdrawal from Iraq without victory would embolden terrorists, Syria, and Iran. Although alarmed by the recent spike in violence, he cited the International Compact and the draft law on hydrocarbons as potential benchmarks the international community could use for gauging progress in Iraq. Congressman King proposed the Alaska model of direct payments to citizens as a formula for distributing oil wealth in Iraq; and suggested increased use of electronic banking. He reaffirmed his firm support for the U.S. commitment to Iraq, but expressed personal concern that some of his colleagues had begun to speak of retreat. In a separate meeting, Saleh provided the Ambassador and the UK ambassador a read out of security discussions taking place between the parties, noting little progress thus far. He saw merit in the proposal to use Peshmerga to protecting oil pipelines coming from the north. He expressed hope that some of the incoming ministers following the PM's proposed cabinet shakeup would be more qualified than the last. End Summary.

Rep. King to Saleh: "We Need Demonstrable Signs of Progress"

¶2. (C) Deputy PM Saleh initiated the discussion by expressing appreciation to Representative King for his commitment to Iraqi democracy. The security situation remained tough, and Saleh was particularly alarmed by the increase in violence in Baghdad in recent days. He noted that many observers had begun to compare the situation in Iraq to the war in Vietnam, but he described Iraq as different. Iraq was part of a globalized war, and this time the enemy could strike the U.S. on its own territory. Success would not be easy in Iraq, he told Rep. King, but failure would be catastrophic. Rep. King replied that he long believed if the U.S. could help develop a stable democracy in Iraq, that it would be easier to solve other problems in the region. He expressed concern, however, that the U.S. public was growing impatient.

¶3. (C) Rep. King noted the importance of measurable benchmarks in Iraq to show the international community progress in Iraq. Saleh acknowledged the difficulty in identifying key elements of progress in Iraq that would be easy to explain in international media. Nonetheless, he saw forward movement on many fronts. This included the International Compact that lays down a vision of reconciliation and development for the GOI. He also saw progress in current negotiations on the draft hydrocarbons law, which would ensure equitable distribution of proceeds from oil and gas. He noted Iraq's continued export of petroleum, which led to a government budget of some 40

billion USD. Saleh also saw progress on infrastructure projects. Rep. King suggested the model used in Alaska for distributing oil monies. He also posited electronic banking as one means for helping produce economic development and ensuring efficient payment to Iraqi troops and other government workers. Saleh replied that Iraq's remaining external debt poses a problem with regard to electronic banking, as it presents an opportunity for foreign governments that have not forgiven all of Iraq's debt to seize assets. Only one bank in Iraq thus far had successfully implemented electronic banking, and for reasons Saleh did not know, had not had problems with international creditors.

¶4. (C) Rep. King asked if there was a sense of urgency in Iraq with regard to the worsening security situation. Saleh expressed concern about a lack of leadership to date, describing the Shia as still learning how to exercise their power. He hoped political leaders would see federalism as a way to bridge the sectarian divide. Saleh also underscored his firm belief that an exit strategy by the U.S. should only come with victory, as any perceived weakness would embolden Syria, Iran, and terrorists. Present circumstances were very serious -- the militias were a "virus" and terrorists a "cancer" that could kill a democratic Iraq if allowed to continue at the current pace.

Deputy PM Saleh: Modest Results from PCNS

¶5. (C) After Rep. King's departure, the U.K Ambassador joined the Ambassador and Deputy PM Saleh for a readout from Saleh of the expanded Policy Council on National Security (PCNS)

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meeting held earlier that day. Saleh described results to that point as very modest, noting that the PCNS had discussed the organization of two committees, one to liaise on security and the other to discuss ways to control extremism in the media. Saleh also raised many other issues the political parties needed to address, including Maliki's interest in making changes in the cabinet. Saleh also noted proposals to deploy Peshmerga in regions south of Kurdistan to help with security. In his view, deployment into Baghdad would be a mistake, as it would place the force directly between Shia and Sunni groups. He did see merit, however, in using Peshmerga along with MNF-I forces in defending oil pipelines and other infrastructure outside of Baghdad.

¶6. (C) Both ambassadors and Saleh doubted that Moqtada al-Sadr would follow through on his threat to withdraw from the governing coalition if Prime Minister Maliki followed through with plans to meet with President Bush in Amman. Saleh said it would be a blessing if Sadr actually withdrew, but it would need to be under circumstances that painted him in a negative light. With the planned cabinet shakeup, Saleh expressed hope that the PM would appoint ministers based more on qualifications than for sectarian reasons. Specifically, he said Maliki was considering replacing the Minister of Interior. However, Saleh expressed concern about the PM's judgment, pointing to the poor caliber of individuals the PM had chosen for his immediate staff. To date, the parties had viewed cabinet formation as a way of "dividing up the pie" among themselves rather than in putting the best people in the best positions. "Maliki views himself as a national leader," asserted Saleh, "but he still pursues a Shia sectarian agenda, as this is the lens through which he sees Iraq."

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